

Statewide Contract for Card Processing Services

Contract:	Card Processing Services
MMARS #:	MAOSDPRF59designatedOSC00
Contract Duration:	9/9/2015 - 6/30/2020
Options to renew:	Two one year renewal options through 6/30/2022
Contract Manager:	Patricia Davis, eCommerce Coordinator – PRF59EREV@state.ma.us
Last change date:	9/21/2015

Contract Summary:

Demand for electronic payment methods continues to increase. Many individual and corporate customers want the convenience and timeliness of paying the Commonwealth electronically, rather than mailing a check or going to a department location. This strong consumer demand and the efficiencies of electronic payments compel government organizations to increase online services and electronic payment methods. Our customers and businesses want to remove the complexity from everyday tasks like paying taxes, licenses, permits, and fees to the Commonwealth by paying electronically over a variety of channels. The goal of this program is to expand electronic payments acceptance to facilitate efficiencies and to align the Commonwealth's customer expectations for modern and efficient government payment processes with their customer experience.

In this procurement, the Commonwealth of Massachusetts Strategic Sources Servicing Team (SSST) collaborated with MBTA to replace and expand the merchant services portion of the prior Statewide Electronic Payments contract (MA# PRF44designatedOSC) previously supported by Bank of America. This joint procurement resulted in two contracts with the same vendor: one for the MBTA, and another for state departments and the Massachusetts Turnpike (i.e., this Card Processing Services Contract). This Card Processing Contract was procured under 801 CMR 21.

The goal of this Card Processing Contract is to leverage the significant volume of Commonwealth eligible entities and the MBTA to procure the best credit and debit card processing services, hardware, and pricing mix for all stakeholders, both now and in future years. Please note that this Contract provides merchant services and card processing services only. A separate procurement and contract was done for web payment page hosting, integrated voice response (IVR), kiosk, or mobile services (MAOSDPRF59ADesignatedOSC). These two contracts will often be utilized together depending on services required. If utilizing services awarded under the Payment Solutions Contract, a separate Statement of Work will be required. Please see the Contract User Guide for Payment Solutions Services for more information.

The card processing services provided under this Statewide Contract are available to all Commonwealth Agencies and authorized eligible entities. This Card Processing Contract is the sole Statewide Contract for credit and debit card processing which must be used by Required Users and is recommended for use by all eligible entities in order to achieve the most cost effective pricing for the Commonwealth and its customers.

The Comptroller has broad authority to prescribe accounting rules and instructions for all state Departments and the appropriate use of the state accounting system. Pursuant to [G.L. c. 7A, § 7](#), [G.L. c. 7A, § 8](#), [G.L. c. 7A, § 9](#) and [G.L. c. 29, § 31](#) the Comptroller is required to implement a state accounting system (including a centralized payroll system) and issue instructions for the accounting practices to be used by all Departments for supplies, materials, assets, liabilities, equity, debt, encumbrances, expenditures, revenues, expenses and obligations of all Commonwealth funds and accounts, including payroll, unless specifically exempted by general or special law. The Comptroller has full authority to

prescribe, regulate and make changes in the method of keeping and rendering accounts and is authorized to direct state Departments to implement changes in their systems to meet these statewide standards.

The Comptroller has full authority to review the authority for a State Department to collect and record revenue, and to prescribe the appropriate process for recording that revenue once collected. In addition, the Comptroller has full authority to review the mediums, applications or processes that are used or may be used to collect, handle, process, transfer or remit revenue.

Department are instructed that any application, medium, process, software, hardware, application, or other medium that collects, handles, processes, transmits or remits Commonwealth revenues that are recorded in the state accounting system (MMARS) must be approved by the Comptroller to ensure compliance with state finance law, including security and internal control considerations to prevent fraud, waste and abuse. Any Department that is planning on procuring or instituting any process, application, software, hardware or other medium that will collect, handle, processes, transmits, remit or in any way touch revenue in any form must be approved in advance of implementation, procurement, vendor selection or use. The Comptroller reserves the right to review any system or process currently in use to review compliance with state finance law, including security and internal control considerations to prevent fraud, waste and abuse, and the Comptroller may make any recommendations for remediation or corrective action plans. Departments with any questions or seeking review should email: PRF59EREV@state.ma.us

Services, Benefits, and Cost Savings:

The card processing service vendors provide the following services, benefits and cost savings:

- Establish merchant accounts to enable acceptance of Visa, MasterCard, debit card, Discover, and/or American Express payment methods.
- Assist eligible entities with credit and debit card acceptance, merchant services, and certification on the web, IVR, point of sale, kiosk, and mobile channels.
- Facilitate sales and support of point of sale hardware including terminals, PIN pads, NFC, and other peripherals.
- Improve customer experience and convenience.
- Improve business process efficiency, cash flow, and back office reconciliation.
- Expedite funds settlement.
- Reduce handling costs, lost or bounced checks, mail delays, and fraud risk associated with cash and physical checks.
- Provide competitive per item rates and convenience fee program rates.
- Handle increasing transaction volumes, as well as peaks in payments.
- Support complete end-to-end reporting.
- Provide technical support of the payment system -- Entities do not need staff to maintain the system.

Vendor List:

The awarded vendor is listed below. American Express services are only required when accepting American Express credit cards.

Please note that Electronic Payment Solutions were bid separately under PRF59AdesignatedOSC.

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	Vendors	MMARS MAOSDPRF59designatedOSC00	Contact	Email Address	Phone Number
1	Vantiv Holdings, LLC	Line 1	Melissa McCauley	Melissa.McCauley@vantiv.com	513-900-3734
2	American Express Travel Related Services Co. Inc.	Line 2	Kristin Carberry	kristin.m.carberry@aexp.com	856-869-7123

Eligible Entities:

The following eligible entities are required to use this Statewide Contract: Executive Offices, Departments, Agencies, Offices, Divisions, Boards, Commissions, or Institutions within the Executive Branch. PRF59designatedOSC may be used by:

- Constitutional Offices and Independent Executive Agencies*;
- Legislative and Judicial Branches, including all Departments and elected offices therein*;
- Independent public authorities, boards, commissions and quasi-public agencies;
- Cities, towns, districts, counties and other political subdivisions;
- Local public libraries, public school districts and charter schools;
- Public hospitals owned by the Commonwealth;
- Public institutions of higher education;
- Public purchasing cooperatives;
- Non-profit, UFR-certified organizations that are doing business with the Commonwealth;
- Other entities when designated in writing by the State Purchasing Agent.

*Entities must consult with CTR as outlined in summary above.

The Commonwealth reserves the right to add or remove additional eligible entities during the contract term.

Terms of the Contract and Pricing:

	Hierarchy of Contract Documents (Order of Precedence)
1	Commonwealth Terms and Conditions
2	Standard Contract Form
3	Bank Card Merchant Agreement and Pricing Schedule
4	Contractor Response to the RFR

An Individual Service Level Agreement (SLA) may be necessary for certain implementations by an eligible entity. If this contract is utilized with the Payment Solutions Contract, a Statement of Work will also be required. Please see the Contract User Guide for Payment Solutions Services and/or, CTR eCommerce Coordinator for more information.

Additional non-conflicting terms related to service performance details that comply with the required terms of the Contract may be added to a SLA or SOW provided the intent or effect of the language does not supersede or replace the language of the Contract.

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The Contract for these services is a fee-for-service contract. Please refer to the Merchant Price Schedule for complete pricing information. All costs must be part of this authorized price listing. Under no circumstances can the vendor change costs to exceed those posted in the Merchant Price Schedule.

Duration:

The initial duration of the Contract is 9/9/2015 – 6/30/2020 plus two (2) one year options to renew under the same terms and conditions. Statements of Work will remain active for the duration of the contract unless the Vendor is terminated for cause, without cause, or through legislative action. In addition, the contract may be extended under the same terms and conditions as needed for any period necessary to transition to a new procurement.

How to Get Started for New Engagements:

1. Eligible entities should review this document (Contract User Guide) to ensure compliance with use of the Statewide Contract. Both eligible entities and the vendors have responsibilities for compliance with state finance laws, regulations and rules and are required to notify CTR when beginning a new engagement.
2. Contact Office of the Comptroller (CTR) eCommerce Coordinator at PRF59EFREV@massmail.state.ma.us to discuss requirements. Contract documents including the Bank Card Merchant Agreement, Price Schedule and Vendor Response will be available on CommBuys.
3. CTR eCommerce Coordinator will facilitate enrollment and coordinate a kickoff conference call to discuss detailed functional requirements, timeline, and scope if required.
4. All payments for this contract made by State entities in the state accounting system MMARS must reference Master Agreement (MA) MAOSDPRF59designatedOSC00. If a transaction override is needed to encumber funds for engagements entered into prior to the end date of the contract but extending beyond the end date, the entity should work with the CTR Contracts Bureau to facilitate the encumbrance and contact PRF59EREV@state.ma.us to validate the use of the Statewide contract for an engagement.

How to Transition for Projects Already in Progress:

Eligible entities must transition their merchant accounts and transaction acquiring from Bank of America to Vantiv and/or to continue work with American Express. Due to the number of eligible entities requiring this transition, a phased approach will be implemented. Please expect outreach from CTR eCommerce Coordinator regarding transition in the coming months. Once transition is made, all payments for this contract made by State Entities in the state accounting system MMARS must reference Master Agreement (MA) MAOSDPRF59designatedOSC. If a transaction override is needed to encumber funds for engagements entered into prior to the end date of the Contract but extending beyond the end date, the Entity should work with the CTR Contracts Bureau to facilitate the encumbrance and contact PRF59EREV@state.ma.us to validate the use of the Statewide Contract for an engagement.

VANTIV TRANSITION: Please note that if your entity currently accepts Visa, Mastercard, or Discover, your entity will need to establish new merchant accounts under the new contract with Vantiv. CTR will assist you in this process. Once the transition from Bank of America to Vantiv occurs, you will likely have overlap in statements and invoices for a time. In addition, settlement, reporting, chargebacks, and customer service will be provided by Vantiv going forward. These merchant accounts will be transitioned in phases, so expect outreach from CTR once these transitions begin. **Please contact CTR eCommerce Coordinator at PRF59EREV@state.ma.us with any transition questions.**

AMERICAN EXPRESS TRANSITION: Please note that our merchant account with American Express will not change at this time. All associated fees payable to American Express Travel Related Services Co. Inc., incurred on or after transition

should no longer be associated with PRF44designatedOSC in MMARS. Encumbrances (CTs) against the new contract (MAOSDPRF59designatedOSC00) should be entered for electronic payments charges.

CLOSEOUT OF DORMANT ACCOUNTS: **Please note that if your entity is set up with electronic payment solutions and you have not transacted any business for more than two years via any/all payment methods or channels, contact CTR eCommerce Coordinator at PRF59EREV@state.ma.us to discuss closing out these accounts.

How to Pay the Vendors:

All associated fees payable to Vantiv and/or American Express incurred on or after transition, as explained above, should no longer be associated with PRF44designatedOSC in MMARS. Encumbrances (CTs) against the new contract (PRF59designatedOSC) should be entered for electronic payments charges incurred going forward. Entities must encumber sufficient funds for anticipated costs for the remaining months of the fiscal year and monitor expenses to ensure sufficient funds are available to make payments for all transaction fees. State departments should coordinate all transition and encumbrances with CTR to ensure a smooth transition and no disruption of service.

Funding and Fees:

Each eligible entity accepting electronic payment processing services shall be solely legally responsible for funding the entity's obligations under the contract. Please note that eligible entities will be billed by Vantiv and will also be billed by American Express if accepting American Express Credit Cards. The vendor(s) may not seek payment of such obligations from the Office of the State Comptroller or any other Commonwealth entity, nor shall any Commonwealth entity have any legal obligation to make payments for electronic payment solution services other than the entity requesting and accepting such services. Pricing is based on the options each entity chooses to implement. Commonwealth eligible entities may not negotiate separate terms from those included in this Contract without prior written approval from CTR. Entities should work with the primary contact and electronic payment processing vendor(s) to determine an estimated amount of fees and other costs for each fiscal year based upon historical or anticipated electronic payments usage. As a condition of the contract, entities must encumber at the beginning of the fiscal year, an anticipated estimated amount for transaction fees based upon the anticipated volume of transactions.

The options for funding electronic payment solutions programs are:

- **Operating Budget** -- When an entity agrees to accept electronic payments, the entity certifies that prior to the beginning of each fiscal year, and during the fiscal year, the entity shall be responsible for taking the necessary steps to ensure that there are sufficient funds for payment associated fees. Entities will be required to suspend acceptance of electronic payments whenever the entity anticipates not having sufficient funds. Seeking funding after the fact through the deficiency process or prior year deficiency process shall not be considered an appropriate funding mechanism and may subject the entity to cancellation of merchant approval to accept credit or debit payments.
- **Retained Revenue** – Retained revenue accounts are subject to annual budget approval and require a cap in the amount of funds that may be retained and expended. Given that revenues for new types of e-payments cannot be accurately predicted, agencies may face situations when the cap is lower than needed to pay processing fees. Entities are responsible for ensuring that if fees are authorized to be spent from the retained revenue account that the cap is sufficient to enable full payment of fees.
- **Statutory Language/Agency Trust Account** – Some agency trust accounts authorize expenditures to be paid from revenues posted to the trust account. Entities must ensure that sufficient amounts are set aside from revenues to ensure payment of transaction fees and that these amounts are not inadvertently obligated for other expenditures.

- **Convenience fees – (NOTE: Under Massachusetts law, convenience fees are prohibited at the point of sale, but may be implemented over the web or IVR.)** Eligible entities may choose to pay electronic payments program fees, or may choose to fund their programs by passing the associated fees on to the customer. A nominal convenience fee is charged to the customer at the time of purchase and collected per transaction directly by the vendor as a separate charge from the payment being made to the eligible entity. The fee can be a percentage of the transaction amount or a flat fee, but percentage based convenience fee programs take longer to implement due to card association program rules.

Convenience fees are collected and retained by the vendor, never enter the Commonwealth's accounts, and appear as a separate charge on the customer's statement. Since the fee is charged solely to offset the entire cost of the credit card transaction as a convenience to customers, an eligible entity will not receive an invoice from the vendor under this model.

Netting Fees Not Permitted Under this Contract:

Each eligible entity of the Commonwealth is solely legally and financially responsible for its own credit card activity and charges. The vendor shall have no separate right of recovery from the Office of the Comptroller, the Operational Services Division, or the Commonwealth for any credit card charges incurred by an entity.

Pursuant to the Massachusetts Constitution and M.G.L. c. 30, s. 27 and M.G.L. c. 10, s. 17B, all revenue collected on behalf of the Commonwealth must be deposited with the Treasury and unless otherwise specified, is subject to appropriation. Therefore, as stated in the RFR, the total of all revenues collected must first be deposited and accounted for in the state accounting system prior to payment of fees being made to the vendor. In addition, for most eligible entities, the authorization for the collection of revenue does not authorize a portion of the revenue to be used for processing fees and fees will be paid from a separate state appropriation. Therefore, the vendor may not net fees from gross revenues collected in a Depository Account. For the purposes of this contract, chargebacks will not be considered fees and may be netted from gross revenues collected in a Deposit Account. Amounts collected and deposited will be considered revenue after settlement and any adjustments for chargebacks made by the vendor. ***Fees, charges, late payments, or interest may not be netted from revenues, even if authorized by an individual entity.***

If debiting of accounts is occurring, it is without approval of the Office of the Comptroller and may not continue. No single entity or state agency is authorized to override this language without prior written approval of the Office of the Comptroller. Invoices may not be submitted with debits or netting of fees. All amounts collected must be deposited in gross and the contractor will be paid based on invoicing. All accounts will be reviewed and a compliance plan established to comply with this section.

The vendor has no authority to establish a reserve account for Commonwealth Entities without prior CTR approval and shall have no security interest in amounts credited as revenue to the Commonwealth after final settlement and adjustments for chargebacks. If the vendor has reasonable grounds to be insecure about an entity's ability to make required fee payments, the vendor may submit in writing to the Office of the Comptroller, a request that the entity maintain a Reserve Account at a financial institution acceptable to the vendor unless the Office of the Comptroller can propose an acceptable alternative which ensures payment. If the applicable entity does not maintain a Reserve Account at a financial institution acceptable to the vendor and the Office of the Comptroller does not propose an acceptable alternative which ensures payment, then vendor may immediately suspend and/or terminate Card acceptance for such Entity. Any Reserve Account will be separate from an Entity's Deposit Account.

In lieu of standard security interests an entity may be required to provide the vendor with proof that funds have been encumbered and set aside in the name of the vendor on the Commonwealth accounting system sufficient to support the anticipated amount of fees and costs that may be incurred for that fiscal year. Whenever possible, an entity will provide the vendor with notice at least 30 days in advance of a fiscal year or at any time during the fiscal year that sufficient funds may not be appropriated or otherwise made available by the Legislature. In the event that sufficient funds are not appropriated or otherwise made available by the Legislature for an entity(s), either the Commonwealth or vendor may suspend or terminate the electronic payments program for the applicable entity upon written notice to the other.

All fees, fines, and other charges must be invoiced monthly to the appropriate entity. Disputed claims will be considered a fee or charge to be invoiced.

Payment Card Industry (PCI) Compliance:

It is of the utmost importance to have citizens feel secure about transacting electronic business with the Commonwealth. The PCI compliance initiative will enable us to ensure that we are doing all we can to protect our citizen's sensitive credit card information.

PCI Data Security Standard (DSS) is a mandatory compliance program of the major credit card associations to create common industry security requirements for cardholder data. The PCI DSS is a multifaceted security standard that includes requirements for security management, policies, procedures, network architecture, software design and other critical protective measures. PCI Compliance is required for all Commonwealth entities conducting electronic commerce, regardless of merchant level, channel, or method. This section provides information about our approach in meeting this challenge.

When accepting credit cards, each Commonwealth entity operates as a "merchant". If your entity accepts electronic payments via any means (e.g., mail, mobile, cashier window, swipe terminal, kiosk, telephone, or the web), then adherence to these standards is mandatory under payment card brand rules and current Comptroller policy. All State Departments are required to comply with and set aside sufficient funding to support the requirements outlined in the [Payment Collection Data Security Policy](#).

The primary focus of the PCI standards is to help merchants (in our case, Commonwealth Entities) improve the safekeeping of electronic payments information by tightening overall security. This overall review reduces the chances of experiencing security breaches, identity theft, stolen credit and debit card numbers, fraud, and potential catastrophic financial losses, penalties, and loss of trust in Commonwealth public facing applications. Merchants found to be non-compliant with the respective security requirements may be subject to substantial fines and penalties in the event of a data breach. More information about PCI Compliance can be found at <https://www.pcisecuritystandards.org/>.

PRF56designatedOSC is the statewide contract procured to provide consulting, validation, and network scanning services to Commonwealth entities required under the [Payment Collection Data Security Policy](#) and when using these contracts. The contract consists of seven qualified vendors: Qualified Security Assessors (QSAs), Approved Scanning Vendors (ASVs), and Non-PCI Data Security Audits. For details on this contract, go to www.CommBuys.com and search for PRF56designatedOSC or Master Blanket Purchase Order PO-14-1079-1079C-1079C-00000001430.